

**EXHIBIT 9**  
**(Filed Under Seal)**



## Final Transcript

### **SMITHFIELD FOODS, INC.: 2015 3<sup>rd</sup> Quarter Results**

October 28, 2015/9:00 a.m. EDT

#### **SPEAKERS**

Keira Lombardo – Vice President of Corporate Affairs  
Ken Sullivan – President and Chief Operating Officer  
Glenn Nunziata – Chief Financial Officer

#### **ANALYSTS**

Brian Hunt – Wells Fargo  
Hale Holden – Barclays  
Lisa Deng – Goldman Sachs

#### **PRESENTATION**

Moderator                Ladies and gentlemen, thank you for standing by, and welcome to the Smithfield Foods 2015 Third Quarter Results conference call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session. Instructions will be given at that time. (Operator instructions.) And also, as a reminder, today's teleconference is being recorded.

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And at this time I will turn the conference call over to your host, Senior Vice President of Corporate Affairs, Ms. Keira Lombardo. Please go ahead.

K. Lombardo            Good morning and thank you for joining us today for Smithfield Foods conference call for the third quarter of 2015. Joining me on our call today is Ken Sullivan, President and Chief Operating Officer, and Glenn Nunziata, Chief Financial Officer.

We would like to caution you that in today's call there may be forward-looking statements within the meaning of Federal Securities Laws. In light of the risks and uncertainties involved, we encourage you to read the forward-looking information section of the company's 10-K for calendar year 2014. You can access the 10-K on our website at SmithfieldFoods.com.

I'll now turn the call over to Ken.

K. Sullivan            Thank you, Keira. Good morning, everybody. Thank you for dialing in to hear our interim update report for the third quarter. As Keira mentioned,

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I'm joined this morning by Glenn Nunziata, our new Chief Financial Officer. Glenn joined us October 1<sup>st</sup>. He comes to us after a very successful 20-year career in public accounting where he was a very respected partner with one of the big four firms.

Glenn has extensive experience in financial reporting, SEC compliance, capital markets, taxation and business processes. So we're delighted to have him on board and we look forward to many years of his contributions. Glenn will provide a rundown of the quarterly numbers in a few minutes.

Before I turn it over to Glenn, let me offer a little perspective on our quarterly and year-to-date numbers. You'll note both our quarterly figures and year-to-date profits show year-over-year declines. It's important to remember last year was an exceptional year for Smithfield Foods, and for that matter, the entire live swine production industry. Extraordinarily high pig prices made for record high profits last year for anyone in the live production business. Smithfield, as the largest pig producer in the world, was the beneficiary of those high prices.

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We recorded exceptional profits raising pigs last year. The reality, however, is that profits on the live production side are cyclical. This year, with disease vectors affecting mortality squarely under control, and industrywide supply has significantly increased, profits on the live side have been more elusive. We lost money in live production in the first quarter, and we made money in the second and third quarters, helped, by the way, a great deal by our hedging positions.

But even though we've made money raising pigs this year, the fact is we've made far less in live production this year than we did last year. Again, the live production side is cyclical, and while we're actively pursuing hedging strategies to make it more consistent, we still have to live with the cyclicity. As a consequence, when comparing total profits year-over-year or quarter-over-quarter, the comparisons are affected by last year's extraordinary live production profit, so please bear that in mind.

Notwithstanding the year-over-year decline, the fact is our results for the first nine months of 2015 represent the second best January through September in Smithfield's history. Year-to-date, sales were \$10.5 billion, and net income for the first nine months of the year totaled \$284.5 million. Importantly, the driver of our results this year is our packaged meats

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business. This is the branded, value-added, more margin stable side of the business. It's an approximately \$7 billion CPG business with operating margins we're driving to double-digit territory.

At Larry Pope's direction, we've been emphasizing this side of the business for a number of years, increasing our investments in both manufacturing capacity and brand building through consumer advertising. The results clearly show these investments are paying off. Our strategies for increasing distribution and market share are working. On a year-to-date basis, our packaged meats operating profits have increased 40% to \$461 million. As a side note, that's more profits, by the way, that we've made through nine months than we've made for the entire 2014. We're particularly pleased with Nielsen and IRI data that independently validate our efforts and show we are among the very top of the fastest growing CPG companies in the United States.

Just a few highlights from our brands. Our Smithfield bacon volume is up 15%. Our Smithfield Anytime Favorites' volume is up over 20%. Our Farmland bacon volume is up an impressive 14%. Our Eckridge smoked sausage has seen volume growth in 37 of the last 38 months and is now within a few share points of becoming the number one smoked sausage

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brand nationally. Our Nathan's volume share of premium beef hot dogs is currently at 41%, and distribution at 92% nationally, all-time highs for the brand.

I could go on about the successes we're having. The point is the ongoing development of our package meat business continues to be an exciting growth prospect for us. While we have already experienced meaningful and consistent improvement in packaged meats margins, we believe significant growth potential remains. Moving forward, we will strive to achieve ongoing, broad-based gains in market share, distribution, and margins, as well as higher selling prices fueled by increased consumer marketing, product and process innovation, and capital investment.

At the same time, we also continue to execute our strategic realignment to truly become one Smithfield. We will improve our competitive cost structure and align our organization to better serve customer needs. Again, we expect and indeed are already seeing improvements in four key areas: manufacturing, transportation and logistics, sales, and brand management.

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Beyond the momentum of our packaged meats business, we also have other platforms for growth. Our European business is a \$1.5 billion platform that contains the largest pork companies in both Poland and Romania. We're investing in both of those countries to expand our fresh and packaged meats capacities, and we're growing volume in the high single to low-double digit rates while taking important market share. They are currently dealing with FX headwinds and lower worldwide pig prices, but these businesses represent long-term growth opportunities for us. Similarly, we have investments in Mexico, where pork consumption is increasing rapidly.

We expect these investments, which have aggressive local expansion plans in place, will also be long-term growth vehicles for us. We have a US-based export platform that is the leader in the US pork industry. Beyond the China market programs, we continue to develop with our sister company, Shuanghui Development. We've invested in a multitude of other markets, putting boots on the ground in places like Japan, Colombia, Korea, and Mexico. We expect these investments to improve our sales realizations as we seek to find the most optimal markets for our products.

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We have a plan to improve our fresh pork results in all phases of the business, including sales, operations, and supply chain over the next 18 to 24 months. We expect these will drive improvements of our fresh pork operating margins by over 200 basis points. And we're actively exploring new ideas that would represent new alternative revenue streams based on pig byproducts. These areas hold great promise and we're actively pursuing them. So I'm optimistic about the future, and I firmly believe Smithfield is in ideal position to finish 2015 on a high note and build momentum as we move into 2016 and beyond.

With that said, Glenn will take you through the numbers. Glenn?

G. Nunziata      Thanks, Ken, and good morning to everybody listening on the call. Thank you for dialing in to hear our interim report for the third quarter. I'm excited to participate on my first quarterly results call. I'm thrilled to join Smithfield. I look forward helping execute on our strategy and position Smithfield as a global leader in packaged needs. We filed our third quarter report this morning. It has lots of detail for the quarter and year-to-date periods.

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This morning, however, I'm going to limit this discussion to the highlights, and then we'll open the line for questions. Please keep in mind that all comparisons in my remarks are to the same period last year. And finally, I'd like to note for any WH Group analysts on the call that our results are represented in a US GAAP basis. Therefore, the results and presentation will differ from WH Group's IFRS presentation.

All right, let's jump into the numbers. Our sales totaled \$3.4 billion compared to last year's \$3.7 billion. Sales dollars decreased in all segments despite volume increases across the board. Every segment of our business is experiencing lower price levels this year compared to 2014, and this is up against extraordinarily high price levels last year. In addition, the strong US dollar affected the measurement of sales in our international segment.

Currency negatively impacted sales by approximately \$77 million in the quarter. On a year-to-date basis the same story applies. Our sales to the nine-month period totaled \$10.5 billion compared to \$10.9 billion the previous year. We can point to currency for approximately half of this decrease. The currency impact for the nine-month period was over \$205 million, so the bottom line on sales can be summarized as higher volumes,

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lower unit values, especially considering the extraordinary prices in 2014, and then some headwind from the strong dollar.

Let's cover operating profit. Q3 operating profits totaled \$153.7 million compared to last year's record \$250.1 million. That's a decline of \$96.4 million. To explain the year-over-year decline, look no further than our hog production segment. The decrease in that segment accounted for almost all of the decline for this quarter, and consistent with our focus on the CPG aspect of our business, the packaged meats segment led the way once again with Q3 operating profits totaling \$112.3 million, and that's compared to \$111.3 million last year.

As Ken mentioned earlier, our challenge continues to be on the commodity dependent side of our business, in particular, the live production side. Higher supplies in the market, both in terms of animal and meat, has made keeping pace with last year's record results challenging. Pre-tax profits for Q3 totaled \$121.4 million versus a record \$210.8 million last year. On a year-to-date basis, our pre-tax profits totaled \$430.2 million when we adjust for the \$12.8 million debt extinguishment charge we recorded in the first quarter. This compares to \$587.3 million last year.

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We know these results are down from last year's record level, but let me provide some color. Our results for the first nine months of 2015 Ken mentioned represent the second-best January through September in Smithfield's history. So in evaluating our results, it's important to remember just how good 2014 was. Considering the market dynamics we face today, including increased supply, which resulted in sharply lower hog and pork prices, combined with foreign currency exchange rates that have negatively impacted our results, we are satisfied with our performance.

Fortunately, our branded packaged meat strategy is working, and the strength of that business has offset some of the weakness in the other segments and helped us to record profits for the period. Net income for Q3 totaled \$83.3 million. That's down from the \$155.3 million we earned in the prior year. On a year-to-date basis, net income totaled \$284.5 million. That compares to \$403.5 million in last year's record year.

So to recap on consolidated results and build on what Ken mentioned earlier, I'd like to reiterate that the first nine months of '15 represent the second-best January to September in Smithfield's history. All things

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considered, these are very solid results. Clearly we have opportunities in front of us. We understand that, and our management team is executing under our one Smithfield vision. We are laser-focused on improving our competitive cost structure and aligning our company to better serve our customers' needs.

Let me turn now to segment performance. The shift we highlighted in Q1 has continued into Q3. We are seeing more profits coming from our packaged meats business and less from each of our other segments. We expected this shift to play out over the remainder of 2015, and indeed it has. Our packaged meats segment had another solid quarter. Operating profits totaled \$112.3 million, up slightly from last year.

Our year-to-date operating profit is up 40%, and we are generating healthy operating margins approaching the double digits. Volume is also up nicely year-over-year. As we've repeatedly said, the ongoing development of our packaged meats business continues to be an exciting growth prospect for us. While we have already seen meaningful and consistent improvement in that segment, we believe significant growth potential remains.

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As I touched on earlier, the fresh meat business has been challenging this year, although we did see some improvement in Q3. Fresh pork showed Q3 profits of \$14.1 million compared to \$12.5 million loss in 2014. The story here is our raw material costs were down as the industry experienced more hogs in the market. However, offsetting those lower prices was a decline in fresh meat prices.

Let's discuss hog production. After a loss in Q1 and the second quarter profit of \$39.1 million, Q3 profits came in at \$47.1 million. Last year's Q3 profit was \$139.6 million, which was primarily driven by the supply impact related to PED.

Last year's quarter was a record for live production. We continue to make money this year, just not at those levels. Our hedging programs have also contributed to our overall results in Q3. Looking at international, our Q3 international profits totaled \$15.3 million compared to \$40.3 million the previous year. Lower pig prices in the EU and Mexico in 2015 have slowed earnings in that segment.

In terms of financing costs, interest expense was \$32.3 million for the quarter, and that's compared to \$39.3 million last year. This decrease

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reflects our debt reduction efforts, and I'm going to expand on that in a moment. EBITDA in Q3 was approximately \$212 million, and on a trailing 12-month basis, EBITDA is over \$985 million when we adjust for the Q1 debt extinguishment charge.

We continue to have a healthy balance sheet. Our leverage ratios have remained at around two times. Our debt to capital ratio is approximately 33%, and our net debt to capital ratio is around 30%, and we are covering interest over seven times. At the end of the third quarter, outstanding gross debt is \$2.3 billion.

During the first nine months of 2015 we've reduced this debt by \$428.7 million, and as Ken has mentioned before, we have repaid over \$1.1 billion in debt since the merger with WH Group Shuanghui just two years ago. We have nearly \$1.6 billion of global liquidity, including invested cash at the end of September, and we have no meaningful debt maturities on the horizon. Throughout 2015, our liquidity has been a non-issue, and we owe much thanks to the efforts of our outstanding treasury team.

As we come to a close with our prepared remarks, I'll cover a few more items. Cap ex totaled \$95 million in Q3. Our capital budget for 2015 is

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between \$350 and \$380 million, and we expect to stay in that range.

Depreciation and amortization for Q3 was \$58.5 million, and that's about the same as last year, and full-year depreciation and amortization will end up around \$235 million.

We have received some questions in the past about restricted payment baskets, and although these limits vary based on the underlying debt instrument, I would tell you that our most restricted basket at September 30<sup>th</sup> was approximately \$575 million. And finally, there are no debt covenant issues [ph].

And with that, I think that provides a recap of Q3, and we certainly can take some questions now.

K. Lombardo Great. Thank you, Glenn. Operator, please open the line for questions.

Moderator Certainly. Thank you very much. (Operator instructions.) And first question in queue will come from Brian Hunt with Wells Fargo. Please go ahead.

B. Hunt First, Glenn, welcome aboard.

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G. Nunziata Thank you.

B. Hunt My first question is more a broad question. When you look at the recent announcement out of China that they're listing trade sanctions on multiple pork plants and distribution centers, and we've also seen the stats that there's been significant pork inflation in China and a decline in the sow population, can you give us an idea what your exports are year-to-date and what the outlook is for export growth into Asia over the next year, in your opinion?

K. Sullivan Sure. Brian, this is Ken. I'll handle that question. The facts are our exports are up about 40% year-over-year to China. So we continue to develop these programs with Shuanghui Development, our sister company. In fact, just last night I was on a conference call talking about yet another deal that we're trying to move forward with there, so bottom line, exports volume to China is very good.

The idea of the restrictions being lifted for other pork companies is not a negative for us. We view that as a positive. The fact is the more US pork that gets out of the country, the better for the values of the meat that

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remains in the United States. And so on a net net basis, the idea that some of our competitors would begin to export in the Chinese marketplace is not a negative.

As you may know, China bans ractopamine. We have the competitive advantage as it relates to our China exports, because we've got the ability to control our feed regimens and we control the pig supply, and so we've got an advantage. That's not to say that others don't have ractopamine free production. In fact, increasingly, we see other packers are developing ractopamine free programs, and so—but on a net basis, again, we're not at all discouraged by that. We think that the more pork that flows out of the country, the better.

B. Hunt

Great. My next question is, and I will not argue with you, your packaged meats business has done well year-to-date. However, when I look at Q3, margins were down in round figures 450 basis points sequentially after showing very strong year-over-year positive comparisons in Q1 and Q2. I was wondering, can you explain the sequential change? Was there startup costs in a plant, promotional costs? What's driving the margins back down to the high single-digit level?

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K. Sullivan Sure. So the biggest issue, there, Brian, is we did see margin compression in Q3, but remember, that business is not a linear business. It doesn't see an ever increasing margin percentage there. We do have a raw material component to it, and the biggest factor in Q3 was the raw material component. We have formulas with customers that have a lag effect, and if you want to reduce it down to product categories, the single biggest issue in Q3 were bacon margins, and that has a lot to do with the rapid increase in belly prices, and the fact that our formulas with customers don't pick up those rapid increases in belly prices or raw material costs, and as a consequence, you see some transitory or temporary, I'll call it, compression of the margins.

The fact is we have consistently talked about our packaged meats margins in ranges, and if you—Brian, I know you've been around a while and you've been following the company. You probably remember a time when our margins on packaged meats were in the \$0.05 to pound range. We said we want to get to \$0.10 a pound, and so we established a normalized range of \$0.05 to \$0.10 a pound. We hit those targets, then we took it to \$0.10 to \$0.15 a pound. We took it then to \$0.15 to \$0.20 a pounds as we continued to make progress along that chain or along that progression, and I would tell you today that even though the margin, you

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see margin compression year-over-year, or comparatively, I guess, not necessarily year-over-year but on a quarter-over-quarter, meaning second quarter to third quarter.

The margins there are still strong on a yearly basis. In other words, we talked about the margins in a normalized range at \$0.15 to \$0.20. I think they were right square in the middle of that range in Q3. On a year-to-date basis they remain over \$0.20, and we're to the point where we're confident enough where we're going to take our normalized range up yet again from \$0.15 to \$0.20 a pound to \$0.17 to \$0.22 a pound, which is we expect to be, frankly, on the higher end of that to end the year.

B. Hunt Yes. I guess if I look at belly prices, they peaked in August and they've pulled back a little bit, and granted, it was a steep increase from April into August. So should we expect at least a slight pickup in packaged food margins, at least on your bacon business, going from Q3 to Q4?

K. Sullivan I won't comment specifically about the bacon margins, but I will tell you in Q4, we do expect to have a good quarter in packaged meats in Q4. We've got some other product categories that are going to make a very nice contribution to profits in Q4. The fact is belly prices do remain

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elevated, and there is a seasonal element to bacon demand as well, so it's a business, Brian, that goes quarter to quarter, and there are different factors and elements that impacted each quarter.

But the fact is you should not be concerned about any compression that you perceive from the second quarter to the third quarter as somehow being a permanent decline or indicative of a downward decline in our margins. We continue to believe that we're going to have a great fourth quarter in packaged meats, and we're seeing it. Obviously, we're sitting here. This is nearly November 1<sup>st</sup>, so I'm speaking from some facts here.

B. Hunt                      Okay. And if I may, I've got one more, and I'll get back in for some follow-up. We're in the middle of the contracting season for food service. I was wondering if you could give us some qualitative comments about the type of contracts you're signing year-over-year, you're seeing volumes up, we're hearing there's more pork going into food service today as well as the pricing environment relative to a year ago, and again, I'll get back into queue. Thanks.

K. Sullivan                  Sure. Our food service business continues to be very healthy, and we are continuing to grow that end of the business and we expect our margins

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will continue to improve in that area, and so I'm really not sure I can provide you with any other color other than to say we continue to be optimistic about our food service performance.

B. Hunt                      Okay, great. I'll get back in the queue. Thank you.

K. Sullivan                Thanks.

Moderator                Thank you. Our next question will come from Hale Holden with Barclays. Please go ahead.

H. Holden                Good morning. Thanks for taking the call. I had a couple of ones. I'm almost embarrassed by the first one, but any thoughts on the WHO commentary around sausages and bacon and a lot of your products? Is there any expectation that we'd see a pullback in US consumer demand, or would folks just ignore it?

K. Sullivan                Sure. Hi, Hale. This is Ken. Obviously, that announcement was disappointing to all of us in the industry, and for those who have followed this issue for a number of years, the disappointing thing is the lack of balance in the announcement when an agency of the UN comes out and

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characterizes red meat and packaged meats in the way they did. It's disappointing from a standpoint of what most people don't want to hear and what the press doesn't articulate is that there were no new studies here.

This was not new medical studies that were conducted. This was a panel of the UN that has reviewed over 900 substances and products since 1979 to try and determine the correlative effect on cancer. And the fact is of those 900, over 900 products and substances, only one of them has turned out—have they deemed to be non-carcinogenic, or probably not—in fact, probably not carcinogenic to humans. And so it is really no new news. There's no new study, there's no new medicine, there's no new anything here other than this body of the UN deciding to weigh in and characterize these things as a carcinogen.

It's worth noting that they, if you look at the other things that they have suggested, they've suggested you don't breathe air, which they've classified as a Class I carcinogen. They don't want you to sit next to a sun-filled window, which they classify as a Class I carcinogen. They don't want you to put aloe vera on your sunburn because that's a Class I carcinogen. They don't want you to drink wine or coffee because that's a

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Class I carcinogen, and they certainly don't want you to eat grilled foods, which they classify, in their terminology, as Class IIA.

So what can I tell you, Hale? It is disappointing to those of us in the industry. Do I expect it to have some demand? I don't know. I really don't know.

I watch the news reports just like you are. Unfortunately, we live in a world of sound bites and news clips, and I'm hoping that consumers are smarter than to look beyond this announcement and to actually look at the science behind it and understand all the relevant facts about it. And the idea is there's no one thing, and even the UN agency did say this, there's no one thing that causes cancer. You have to look at the balance of one's lifestyle and activities, etc.

So will it have demand, will it have an impact on demand? We'll see. I currently can't predict what that's going to be. I can tell you we haven't had much feedback from this from a standpoint of customers. Most of the customers that we deal with are agricultural people or have an Ag background. They understand well these issues, and we haven't seen any blowback yet from that standpoint.

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H. Holden                      Great. [Audio disruption] industry ended up with more hog production this year than expected, given the lack of reoccurrence of PEDv. I know it's early, but when you look into next year, would you expect the same level of hog production, or do you think some of the farmers will pull back a bit now that PEDv is a little bit more in check?

K. Sullivan                    I wouldn't expect a lot of pullback here. If you look at the pig numbers, they wouldn't suggest that we're somehow going to have 5% fewer pigs or less meat around us. I think it is probably going to be more consistent with this year. Again, if you remember, the whole idea here is that we're up 8% or 10% year over year, but that was coming off this PED basis you just pointed out, which was down.

If you go back to 2013 and compare volumes 2013 to '15, there's not as dramatic an increase. There's maybe 1% or 2% more pork than '13, but in '16, I don't expect the industry to pull back 5% or 8% or anything along those lines. The fact is we've got a deal with this additional pork, and we're doing that through the export markets.

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The question that Brian asked earlier about the Chinese marketplace and the approval of other packers, I think that will help because China, as you well know, is a huge market for US pork, and there's a demand there, and so I think the industry is just going to have to deal with these volumes.

H. Holden                      And then my last question is in your script, you mentioned an opportunity with Mexico. I know we spent a lot of time talking about China, but was hoping maybe you could expand on what you thought the Mexican opportunity was, what you were building out there and where you thought it could go.

K. Sullivan                     Sure. So today, Smithfield has two joint ventures in Mexico. One is purely a hog production joint venture in which we've got somewhere on the order of magnitude of 60,000 sows, so we're raising about 1.5 million pigs there. The other joint venture has slightly fewer sows but also has a meat processing plant, and about half of that production from the meat processing plant is exported to Asian markets. The opportunity for us is that consumption in Mexico continues to increase at a very rapid pace, and we are expanding down there. We're intending to expand our sow base.

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We're intending to look at other opportunities to get further down the value chain, whether that's fresh meats or packaged meats, in the Mexican marketplace. And if you look at the census data, it seems like there's a huge opportunity there for us in Mexico to the extent that we have these two joint ventures. Really, those investments in Mexico make us amongst the largest players in the Mexican marketplace, and so we're actively studying that market and trying to find ways to leverage that growth.

And so I would tell you if you look at last year, we made a lot of money in Mexico last year. Those live production operations are generally a little bit more stable than the US live production industry. You don't see the losses that you see sometimes or on a cyclical basis in US production. If I look back over the last 15 years, I'm thinking of one of our joint ventures in particular, I think we never lost money, or maybe we lost money one time raising pigs in that joint venture, and so it's a more stable business, and we think there's opportunity there.

H. Holden                      Is there an option to take full control of either one of the JVs?

K. Sullivan                    We certainly have buy-sell arrangements that are implicit in both of those joint venture arrangements, and that is an option for is.

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H. Holden Great. Thank you for the time, and Glenn, congrats on the new seat.

G. Nunziata Thank you, Hale. Appreciate it.

Moderator Thank you. Our next question in queue will come from Lisa Deng with Goldman Sachs. Please go ahead.

L. Deng Hi. Management, I've got two questions. So the first one is on hog production. So the hog profits in third quarter seem to be quite a bit higher than what we had expected. I think, initially, the full-year profit for hog guidance was zero to ten, so I wanted to see if you could actually narrow that down a little bit for us, including what you're seeing in fourth quarter. And looking into 2016, what should we be expecting there? Or rather, if you could just remind us what you think the normalized per-head profitability for the hog production unit is?

So that's my first question. On the second question, so congratulations on the packaged meat profitability continuing to hold up very well. Moving the normalized profit range from \$0.15 to \$0.20 now to \$0.17 to \$0.22, can you explain how much of that is actually from, for example, improved

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efficiency because of the one Smithfield program, and how much of that is the improved mix towards a more branded focus or a high-end product focus? So these two questions. Thank you.

K. Sullivan

Okay. Okay. Okay, Lisa, thank you. This is Ken. Your first question was about hog production and your observation that our third quarter numbers were better than perhaps you expected.

I would tell you that is wholly attributable to the hedging program that we have in place and the hedges that we put on earlier in the year, even going back to the last part of 2014, in which we looked for opportunities to hedge in profit. So that's what drove the Q3 profitability, and you're right on a full-year basis. We have consistently said that we would expect hog production and profitability to be about \$10 a head over the course of a cycle. This year, you're also correct that we've said we expect hog production profitability between \$0 and \$10 a head. The reason for the wide range, of course, is that pig prices are frankly volatile, and they do fluctuate, and making predictions earlier in the year is more difficult.

I can tell you that our outlook for 2015 for the full year is in that \$0 to \$10 a head range, and will be positive that we are going to make money raising

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pigs this year. Although we do have a month and a half left to markets, or two months left of markets to deal with, I feel reasonably confident saying that we'll make money raising pigs this year. It's not going to be at the higher end of that range. It's going to be at the lower end of that \$0 to \$10 head range. But we will remain profitable.

In terms of the packaged meats, question, Lisa, on the \$0.17 to \$0.22 range that we've increased the guidance to, I'd say that mostly does have to do with our One Smithfield initiatives. I think, in my opinion, that the single biggest driver of our improvements year-over-year is the idea that we have combined the consolidated packaged meats or we've consolidated all our sales functions and all our brands, and the way we go to market, we have a much more cohesive strategy today than we did three, five years ago, and that has been evolving over the last few years.

But the real catalyst was that announcement on March 1<sup>st</sup> where we actually made the management changes and aligned our salesforce and resources under a single leadership team led by Joe Sebring, and we've got people under Joe that run our various sales channels that are doing an excellent job driving that business, and the single biggest thing is we're going to market as one company and we've got a comprehensive, cohesive

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sales strategy driven down to the customer level, by the way, that revolves around driving the One Smithfield approach, and so what you're seeing, I think, is the culmination of the investments we've made in consumer marketing, the management changes we've made to better align with our customers, and all of that is adding up towards these improved margins and the momentum that we've got going forward. Again, I don't think we're finished by any stretch of the imagination. I think we've got more stretch left to go there.

L. Deng                      Thank you, and just a follow-up question on the hog production profitability. What would our '16—I know it's a bit early still, but just giving a range, what would our '16 outlook be?

K. Sullivan                Yes, Lisa, I'm really reluctant to do that, because the pig markets are so volatile.

L. Deng                      Volatile?

K. Sullivan                Yes, if we you'd asked me this question a year ago, at the very same time, I'd have given you an answer that would have been wrong. In other words, it would have been flat-out wrong. The reality is our raising costs

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are not increasing. We think they're moderating our overall raising costs.

We don't expect any significant increases in our raising costs, so we'll have to look and see how these pig prices develop, frankly. It's a bit far out. You can look at US futures curves to see what the—

L. Deng Yes.

K. Sullivan —where the markets currently are, but candidly, those markets are really not liquid at this point, particularly in the back half of 2016, and the dynamics are so dynamic, or the factors, the fundamentals are so dynamic that putting out a prediction there is really not something I'm comfortable doing.

L. Deng Sure, I understand. But the normalized range through cycle you mentioned would be roughly US \$10 per head, which is [indiscernible].

K. Sullivan That's right. That's right.

L. Deng Okay, got it. Thank you so much.

K. Sullivan Okay.

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Moderator            Thank you. And at this time I will turn the conference call back over to our presenters for any closing comments.

K. Lombardo            We have no closing comments. If you could please provide the replay information for the call, that would great. Thank you.

Moderator            Thank you very much. And ladies and gentlemen, this conference will be available for replay after 11:00 a.m. Eastern time today running through November 11<sup>th</sup> at midnight. You may access the AT&T Executive Playback Service at any time by dialing 800-475-6701 and entering the access code of 370432. International participants may dial 320-365-3844.

That does conclude your conference call for today. We do thank you for your participation and for using AT&T's Executive TeleConference. You may now disconnect.